

SECURITY INFORMATION

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SECURITY INFORMATION**ENCLOSURE (1) - continued**

Shipbuilding facilities in the Soviet Union proper are reported to be producing principally naval craft. There is a significant capacity, however, for the production of inland waterways vessels, but it is believed that Soviet construction of this type of ship is insignificant, and will remain so as long as facilities for the construction of non-naval craft are available in the satellite states.

II. DISCUSSION

From the beginning of the postwar period shipbuilding plans have been weighted heavily with tankers and passenger ships, but principally with tankers, and at the present time tanker construction is particularly heavy in Holland and Sweden.

Another trend, noticeable even to the most casual observer, has been the tendency toward the construction of larger vessels in Western shipyards. For example, in 1938 the average size of a new merchant ship was just over 2,700 gross tons, while in the first six months of 1951 the average size of merchant ships launched was 3,500 gross tons (considering vessels 100 gross tons upward).

While in the postwar period the popularity of geared steam turbine installations for merchant ship propulsion has continued, especially for the larger power plants, there has been a distinct trend toward the construction of diesel-powered ships as opposed to steam in general. In 1938, 77% of the world merchant marine was powered by steam. As of 30 June 1950, while the above figure had declined only two percentage points to 75%, during the four years prior to that date, barely 40% of the merchant tonnage laid down (vessels 100 gross tons upward) was scheduled for steam propulsion.

Speeds of postwar merchant vessels have increased significantly. Prior to World War II fast freighters as we know them today (15-19 knots) were rare indeed. However, since the end of World War II, especially among the larger maritime nations, construction of freighters with speeds in excess of 15 knots has been the rule rather than the exception. In fact, Sweden operates at least eight cargo vessels with speeds of 19 knots.

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By way of comparison, shipbuilding in Soviet bloc countries since World War II has been concerned with the construction of smaller types of vessels, common freighters and bulk carriers receiving the greatest amount of attention. Construction of highly specialized types of ships for the Soviet bloc such as tankers, passenger vessels, etc. has taken place in Western European yards, and at the present time there is no known tanker construction in progress within the Soviet bloc.

World shipbuilding since World War II has been turning more and more to the use of diesel power in the construction of merchant vessels. However, for the larger installations (above 8,000 horse power) the oil-fired turbine has gained significantly in popularity. Nevertheless, the Soviets and satellites have shown the usual preference for diesel units where obtainable, and are believed to have achieved significant production of 200, 350, 500, and 1000 horse power diesel engines in Eastern Germany. Poland reportedly is building diesel engines in unknown quantities at a newly reconstructed plant at Elblag. However, Poland's favored position with respect to coal supplies has gravitated her naturally toward the production of reciprocating, coal-fired plants.

Trends in shipbuilding are almost indistinguishable in the short range, and for this reason Western European shipbuilding for 1962 is expected to follow the general pattern described above.

The tonnages contained in the foregoing statistical tables are believed to be within 10-25 per cent of the true figures. Infinite care has been exercised in the preparation of the data, and final figures were entered only after innumerable conferences between the personnel engaged in the study of merchant shipping and shipbuilding as applied to Continental Western Europe and the Soviet bloc.

As far as can be determined, the shipyards of the U.S.S.R. have not engaged in construction of seagoing merchant vessels to any extent since pre-war days, nor is there any indication that they will turn to such building. Domestic yards are building naval vessels, river and inland waterways craft, while under reparations and trade agreements, merchant shipping is being produced for Russian account by Soviet bloc and Western European countries. Little of this new building exceeds 2,000 or 3,000

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gross tons in size; much is between 100 and 1,000 gross tons, which is indicative of Russian disposition to acquire small vessels rather than large, ocean-going ships. Except for one tanker of 8,840 gross tons building in Denmark, the only sizeable ships which are in progress are the few salvaged passenger liners and freighters rebuilding in East German yards. At mid-June, 1951, work was proceeding on five salvaged German vessels and two Russian, previously uncompleted hulls, totalling in all, 94,900 gross tons. The two Russian vessels, 6,000 gross tons each were nearing completion, but none of the salvaged German vessels was more than 18 per cent complete at that time.

As mentioned above, virtually all production facilities in the U.S.S.R., except those for construction of inland waterways craft, are currently being utilized in the construction of naval vessels. The total production capacity for 1951 and mid-1952 for this type of construction is estimated to be 350,000 standard displacement tons. If these facilities were to be diverted to the construction of merchant vessels, a production capacity of about 800,000 gross tons would result. In addition to this, it is estimated that the U.S.S.R. has a capacity for producing 400,000 gross tons of inland waterways craft annually.

If the current program of naval construction in U.S.S.R. yards is pursued to completion, no merchant ship construction is likely to take place in 1952, 1953, and 1954. For this reason no estimates were made for Table II.

III. PREAMBLE TO STATISTICAL ANNEX

The statistical estimates reported as Table II were computed as follows:

ESTIMATED NEW CONSTRUCTION FOR 1951: The total new construction figures for 1951 were developed after consideration of the following pertinent data with respect to each country involved:

1. The rate of past deliveries of new merchant ships for the period 1 January 1948 to 1 July 1951.
2. Tonnage under construction 1 July 1952, together with an analysis of the approximate dates vessels were laid down in relation to estimated construction time for individual ships.

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3. Economic and industrial conditions currently prevailing in the country, affecting shipbuilding.
4. Current policy of government and private enterprise toward new ship construction both as to total tonnage and types of vessels.
5. Availability of economic potential necessary for shipbuilding, e.g., materials, personnel, and foreign exchange with which to purchase materials not produced domestically.

ESTIMATED ANNUAL PRODUCTION RATE MID-1952: These figures are based on the belief that merchant ship production in Continental Western Europe for the first six months of 1952 will duplicate approximately that of the prior six months period. Shortages of steel and other components will doubtless affect some construction schedules early in the year, but it is believed that procurement of additional steel supplies together with utilization of stocks on hand will affect a balance before 1 July 1952.

ESTIMATED INVENTORY 31 DECEMBER 1951 AND 1 JULY 1952:
Inventories for 31 December 1951 were computed as follows:

Inventory 1 January 1951 (Appendix to Lloyd's Register of Shipping, 1951)

PLUS

Construction of New Merchant Vessels 1951 (Domestic and Foreign)

PLUS

Purchases of Used Vessels, 1951

LESS

Sales of Old Vessels, 1951

LESS

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ENCLOSURE (1) - continued

Marine Casualties and Condemnations, 1951

EQUALS

Merchant Marine Inventory, 31 December 1951.

Inventories for 1 July 1952 were computed as follows:

Inventory 31 December 1951

PLUS

**Estimated Construction of New Merchant Vessels (1st
half 1952)**

PLUS

Estimated Purchases of Used Vessels (1st half 1952)

LESS

Estimated Sales of Old Vessels (1st half 1952)

LESS

**Estimated Marine Casualties and Condemnations (1st
half 1952)**

EQUALS

Estimated Merchant Marine Inventory, 1 July 1952.

ESTIMATED PRODUCTION CAPACITY, 1951 AND MID-1952: Production capacity figures are based on an analysis of the physical plant facilities available for merchant shipbuilding, e.g., number, length, and width of slipways, graving docks, etc., devoted to this type of ship construction, facilities for producing propulsion machinery, and plans and capabilities for expansion of facilities.

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ESTIMATED ANNUAL PRODUCTION RATE MID-1953 and MID-1954: It is estimated that 65 per cent of all shipbuilding steel now consumed by Continental Western European shipyards is imported from the United Kingdom. In the development of figures on this subject, the assumption has been made that this supply will be interdicted completely, and that the production rate for mid-1953 will be only 36 per cent of mid-1952. However, by mid-1954, it is estimated that a relatively significant recovery will have been achieved with respect to the supply of shipbuilding steel, and the production rate for mid-1954 will represent a 50 per cent increase over mid-1953, or 46 per cent of the total for mid-1952. It will be noted that the above percentages have been applied arbitrarily to each country involved in the study on the authority of Assumption No. 6.

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